IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ADVANCED MEDIA NETWORKS, LLC, *Plaintiff,* v. CELLO PARTNERSHIP D/B/A VERIZON WIRELESS, *Defendant.*	)	C.A. No. 1:14-cv-1495-GMS **JURY TRIAL DEMANDED**
ADVANCED MEDIA NETWORKS, LLC, *Plaintiff,* v. T-MOBILE US, INC.; AND T-MOBILE USA, INC., *Defendants.*	)	C.A. No. 1:14-cv-1518-GMS **JURY TRIAL DEMANDED**
ADVANCED MEDIA NETWORKS, LLC, *Plaintiff,* v. SPRINT COMMUNICATIONS, INC., SPRINT CORPORATION, BOOST WORLDWIDE, INC., VIRGIN MOBILE USA, INC., VIRGIN MOBILE USA, L.P., CLEARWIRE CORPORATION, AND CLEARWIRE COMMUNICATIONS, L.L.C. *Defendants.*	)	C.A. No. 1:15-cv-0142-GMS **JURY TRIAL DEMANDED**

PLAINTIFF'S RESPONSE TO DEFENDANTS' MOTION TO STAY PENDING *EX PARTE* REEXAMINATION PROCEEDINGS

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Plaintiff Advanced Media Networks, LLC ("Plaintiff") submits this Response to Defendants' Motion to Stay Pending *Ex Parte* Reexamination Proceedings of U.S. Patent No. 5,960,074 ("the '074 Patent") [Dkt. Nos. 20 and 21] filed by Defendants,[1] and states as follows:

I. INTRODUCTION

Under normal circumstances, the request by Defendants to stay the present action would make some sense. Defendants can certainly point to many instances where courts exercised their discretion to stay litigation pending the outcome of a reexamination, especially where the cases had not progressed very far. Indeed, Plaintiff agreed to stay litigation in a prior case.

These are not such normal circumstances. This is not the first time the '074 Patent and its continuation in part, the '777 Patent, have undergone reexamination. In fact, the currently pending reexaminations are the eighth and ninth such requests and cite the same prior art that was previously determined to "fail at the starting gate" on summary judgment. *See Advanced Media Networks, LLC v. Row 44, Inc., et al.,* No. 2-12-cv-11018, Dk. No. 84 at p. 8 (C.D. Cal. November 4, 2014). During the prior reexaminations, which lasted a total of approximately 34 months, the PTO confirmed the validity of both the '074 and '777 Patent. Given this history, it is highly likely that validity will again be confirmed. Therefore, a stay will serve no purpose other than to harm Plaintiff. The damage done to it in having to wait for this case to be resolved is far greater than the minimal expenses, especially as compared to these companies' revenues, to be incurred by Defendants by allowing the litigation to proceed in the interim.

[1] Cellco Partnership d/b/a Verizon Wireless ("Verizon Wireless"); T-Mobile US, Inc.; and T-Mobile USA, Inc. (collectively, "T-Mobile"); and Sprint Communications, Inc., Sprint Corporation, Boost Worldwide, Inc., Virgin Mobile USA, Inc., Virgin Mobile USA, L.P., Clearwire Corporation, and Clearwire Communications, L.L.C. (collectively, "Sprint") (together, "Defendants").

If this case is stayed, it will present a perfect roadmap for defendants—file a series of reexaminations one after the other to keep litigation stayed until the patent expires. The PTO has no rules to prevent such abuse. To the contrary, the relatively low threshold required to grant reexamination requests practically invites it, as the PTO grants over 90% of reexaminations requested. For the reasons stated below, Plaintiff requests that this Court weigh the equities, and find in its favor to allow the case to move forward.

II. RELEVANT BACKGROUND

A. Advanced Media Networks

Plaintiff and its affiliate MediaPOINTE, Inc. (collectively, "AMN") are operating companies that offer a variety of communication products and services, including portable and wireless videoconferencing and mobile wireless broadband network systems for use at remote locations. Declaration of Richard Agostinelli ("Agostinelli Decl.") at ¶¶1, 3–5, attached hereto as "Exhibit 1." AMN develops all of its own technology including the "ShowRunner" system, which provides access to secure broadband satellite and microwave networks and services at remote locations, much as described and claimed in the '074 Patent. *Id.* at ¶¶5, 18 .

AMN is a small organization that has maintained a staff of between 15 and 20 people over the past five years, most of which are highly skilled engineers. *Id.* at ¶6. AMN's revenue is derived from a combination of the sale of products based on the technology that it has developed, and the licensing of others to use its technology. *Id.* at ¶7-8. AMN's products are covered by the claims of several of its patents, including the '074 Patent, which patents are identified in AMN's product literature. *See, e.g.*, Attachments A-G to Agostinelli Decl. at ¶¶9-15. AMN's technology is used for, among other things, capturing lectures, presentations, training and live events. Ex. 1 at ¶¶ 5, 20-21. It is also utilized around the world in educational institutions as well as corporations in various industries, such as aerospace and information technology. *Id.* at ¶ 16, 21.

AMN's clients include government agencies, private and public educational facilities and businesses, health care providers, and religious organizations. Agostinelli Decl. at ¶ 16. AMN has also pioneered the use of mobile satellite network services in the television and motion picture industry and has worked closely with Hollywood Studios providing mobile Wi-Fi networks on location for productions. *Id.* at ¶ 19.

Much of AMN's revenue is used to fund research and development. AMN spends millions of dollars per year directly on research and development and associated general and administrative expenses on such activities. *Id.* at ¶8.

B. The '074 Patent and Prior Reexamination and Litigation

The '074 Patent, which is entitled "Mobile Tele-Computer Network for Motion Picture, Television and TV Advertising Production," issued with 40 claims on September 28, 1999, and is set to expire on September 23, 2016. Ex. 3 at [22] and 7:1–10:10.[2] The '074 Patent is directed to a mobile telecomputer network architecture that includes three main elements (i) a wireless Local Area Network (LAN), (ii) a microwave communication system, such as the Defendants' 3G, 4G, or LTE networks, and (iii) a mobile hub that transfers information between those two systems. The particular arrangement of these elements allows for a truly mobile solution in which users are provided access to a wireless LAN, and thus to the communication system itself, without the need for any other components or infrastructure elements. *See e.g., id.* at 2:40–49, 3:39–50, and 4:19–54.

The '074 Patent has undergone an unusual amount of reexamination activity, which is

[2] All exhibits cited herein refer to the exhibits attached to the Bukovcan Declaration, attached here to as "Exhibit 2."

now continuing with the pending reexamination. This activity has resulted in two long stays of prior cases involving the patent, significantly disrupting AMN's business. At the same time, all prior reexaminations have resulted in the allowance of all of the claims of the '074 Patent as well as the issuance of 107 new claims. As explained below, the outcome of the current reexamination is highly likely to be the same.

The Inmarsat Case and First Reexaminations

Seeing that the airline, maritime, and satellite industries were beginning to adopt the technology described in its patents, Plaintiff began an effort to enforce its patent rights starting in early 2010. *See Advanced Media Networks, L.L.C. v. Inmarsat Inc., et al.*, No. 1-10-cv-00194 (S.D.N.Y. Jan. 11, 2010) (the "*Inmarsat* case"). Plaintiff's first case was filed in January 2010 against Inmarsat Inc., some of its affiliates and suppliers for, among other things, offering inflight Wi-Fi service on aircraft, which infringed both the '074 Patent and its continuation in part, U.S. Patent No. 6,445,777 ("the '777 Patent"). *Id.* at Dkt. 1; Ex. 4. An *ex parte* reexamination of both patents was filed, undoubtedly by one of the Inmarsat case defendants, on May 11, 2010, citing over a dozen prior art references. The PTO granted the requests on July 12, 2010 ("First Reexaminations"). *See* Exs. 5–8. On July 22, 2010, Plaintiff stipulated to a stay pending resolution of the First Reexaminations. *Inmarsat*, Dkt. 33 (July 7, 2010).

After rigorous examinations lasting more than 17 months, the PTO agreed with Plaintiff that the '074 and '777 Patents were valid over the prior art under consideration and issued Certificates of Reexamination for both patents in November 2011. Exs. 9 and 10. None of the independent claims of the '074 or '777 Patents were amended, all of the original claims allowed, and 87 new claims were added to the '074 Patent and 81 new claims were added to the '777 Patent. *Id*. The stay of the Inmarsat case was lifted shortly thereafter and the case was dismissed on July 26, 2012, following settlements with the defendants. *Inmarsat*, Dkts. 34 (Nov. 22, 2011) and 112 (July 26, 2012).

The Gogo and Row 44 Cases and Second Reexaminations

On December 19, 2011, Plaintiff filed a second case shortly after conclusion of the First Reexaminations asserting the ’074 Patent against Gogo LLC, several airlines including Delta Airlines and United Airlines, and other companies, for offering an infringing inflight Wi-Fi service. *Advanced Media Networks LLC v. Gogo LLC, et al.*, No. 2-11-cv-10474 (C.D. Cal.) (the “*Gogo* case”). About a year later, on December 28, 2012, Plaintiff filed a third suit against Row 44 and Southwest Airlines for inflight Wi-Fi services, similarly alleging infringement of the ’074 and ’777 Patents. *Advanced Media Networks, LLC v. Row 44, Inc., et al.,* 2-12-cv-11018 (C.D. Cal.) (the “*Row 44* case”).

While the *Gogo* and *Row 44* cases were pending, five separate requests to again reexamine the ’074 and ’777 Patents were filed by third parties, three of which were filed by unidentified requesters. The first two were filed on November 29, 2012, and were granted in February 2013. Exs. 11 (’074 Patent) and 12 (’777 Patent); Exs. 13 (’074 Patent) and 14 (’777 Patent). Row 44 filed two more requests on February 6, 2013. Exs. 15 (’074 Patent) and 16 (’777 Patent). The PTO consolidated these requests with the earlier ones (collectively, the “Second Reexaminations”). Ex. 17. A seventh request to reexamine the ’074 Patent was filed on March 20, 2013, but the PTO denied it as being cumulative to the then-existing reexaminations. (Ex. 18).

Although the Second Reexaminations were pending, Gogo did not move for a stay of its case. Instead, the parties litigated the *Gogo* case through the substantial completion of fact discovery and a claim construction hearing. The *Gogo* case was dismissed on Aug. 5, 2013, following settlements reached with certain defendants in that case. *Gogo,* Dkt. 162. Row 44, however, did request a stay of its case pending completion of the Second Reexaminations, which was granted on April 29, 2013. *Row 44*, Dkt. 29.

The Second Reexaminations proceeded in much the same way as the First Reexaminations. After rigorous examinations lasting more than 16 months, the PTO agreed with Plaintiff that the ’074 and ’777 Patents were valid over the prior art under consideration and issued Certificates of Reexamination for both patents in April 2014. Exs. 19 (‘074 Patent) and 20 (‘777 Patent). As a result of the Second Reexaminations, all of the original claims were allowed, none of the independent claims were amended, and new claims 128-147 were added to the ’074 Patent. Ex. 19 at Col. 1:26-27.

The Row 44 Case Summary Judgment Motion and Third Reexaminations

In August 2014, the stay of the *Row 44* case was lifted shortly after completion of the Second Reexaminations. *Row 44*, Dkt. 43. In October 2014, Row 44 filed a motion for summary judgment on the grounds that the ’074 and ’777 Patents were invalid as obvious over a combination of prior art. *Id.* at Dkt. 66. The combination alleged by Row 44 included all the same prior art considered by the PTO during the now concluded Second Reexaminations, combined with one additional reference that the PTO had not previously explicitly cited. The reference consisted of a page from a textbook by Andrew Tanenbaum (the “Tanenbaum page”), which purportedly showed a nomadic communications system somehow different than the nomadic communication systems the examiners already knew about during the Second Reexaminations. *Id*. *See also* Exs. 21 (’074 Patent) and 22 (’777 Patent). The PTO had previously explicitly considered many other pages from the Tanenbaum textbook and was, thus, aware of the book. *See* Ex. 27 (‘074 Patent) at 2, Ex. 28 (‘777 Patent) at 3.

While its summary judgment motion was pending, on October 24, 2014, Row 44 proceeded to file two additional reexamination requests - the *eighth* and *ninth* ones filed against the '074 and '777 Patents - and the ones now pending (the "Third Reexaminations"). Exs. 21 ('074 Patent) and 22 ('777 Patent). The theories expounded in these new requests were ***essentially the same as those presented in Row 44's summary judgment motion*** - that the PTO did not have the Tanenbaum page and that all claims were rendered obvious by combining the Tanenbaum page with several other prior art references which had already been considered by the PTO. *Id.* The theories were identical, as confirmed by Row 44 in its summary judgment reply brief. *Row 44*, Dkt. 75 at 4 (Oct. 27, 2014).

Despite having received Row 44's reexamination requests, the court denied Row 44's motion for summary judgment on November 4, 2014, concluding that "***it fails at the starting gate***." *Row 44*, Dkt. 84 at 8 (emphasis added). The *Row 44* case was dismissed shortly thereafter following a settlement with Plaintiff in December 2014. *Id.* at Dkt. 94 (Jan. 5, 2015).

The '074 and '777 Patents have been challenged multiple times and their validity has been confirmed by the PTO every time. These reexaminations have consumed roughly 34 months and, when combined with the resulting litigation stays, have hampered and delayed Plaintiff's ability to enforce its patent rights. Plaintiff has only been free of reexaminations and/or litigation stays for roughly 16 out of 67 months since Plaintiff initially filed its first complaint. The chart below illustrates this timeline, in which the months taken up with reexaminations and/or stays are shown in red and the months which were free of both are shown in green:

YEAR	MONTH											
2010	1	2	3	4	5	6	7	8	9	10	11	12
2011	1	2	3	4	5	6	7	8	9	10	11	12
2012	1	2	3	4	5	6	7	8	9	10	11	12
2013	1	2	3	4	5	6	7	8	9	10	11	12
2014	1	2	3	4	5	6	7	8	9	10	11	12
2015	1	2	3	4	5	6	7					

C. The Present *Ex Parte* Reexamination of the ’074 Patent

The Third Reexaminations are the ones currently pending and which form the basis of Defendants’ motion to stay. As explained above, these reexaminations were requested on the grounds that the claims of the ’074 and ’777 Patents are obvious in view of the Tanenbaum page combined with other prior art already considered. Exs. 21 (’074 Patent) and 22 (’777 Patent). The Third Reexaminations were assigned to different examiners. Exs. 23 (‘074 Patent) and 24 (‘777 Patent). In fact, all of the reexaminations of the ‘074 and ‘777 patents have been assigned to different examiners. One examiner, the one handling the ’074 Patent reexamination, issued an Office Action on April 15, 2015, essentially mirroring the obviousness theory underlying the request. Ex. 23. The examiner handling the ’777 Patent reexamination reached the exact opposite conclusion. Ex. 24. That examiner explicitly rejected the theory presented, stating that “the request does not sufficiently show how one skilled in the art would combine the references to arrive at the claimed invention or why one skilled in the art would be motivated to make the combination.” Ex. 24 at 41. This represented not only a contradiction of the first examiner’s viewpoint but an about-face by the examiner on the basis for granting the reexamination in the first place.

Aside from pointing out to the first examiner that the second examiner disagrees with him, Plaintiff submitted a response to the office action in the ’074 Patent reexamination in which it argued many of the same positions it took in opposing Row 44’s losing summary judgment motion. Ex. 25. These arguments, bolstered by declarations from the inventor and a technical expert, include the following:

1. That the Tanenbaum page is not prior art since the ’074 Patent has dates of invention that precede the publication date of the Tanenbaum page (Ex. 25 at 41–43);

2. That the Tanenbaum page is cumulative to many other prior art references already considered during the Second Reexamination that appear to disclose the same thing (Ex. 25 at 43–45); and

3. That it would not have been obvious to combine the teachings of the Tanenbaum page with the other prior art as asserted by the examiner (Ex. 25 at 45–48).

This repeated rehashing of the same issues by different examiners is not prohibited by PTO rules or regulations. The standard required to grant a reexamination, merely a "substantial new question of patentability," is a fairly low threshold. Indeed, the PTO has published statistics show that the PTO grants 92% of all reexamination requests. Ex. 26. This low threshold, coupled with the inconsistent assignment of different examiners with different viewpoints, invites infringers to pursue a tactic of repeated reexaminations citing the same, previously considered art and references.

While Plaintiff awaits the next action from the examiner handling the '074 Patent reexamination, it is confident that the examiner will withdraw its objections, reaching the same conclusion as the examiner for the '777 Patent, prior examiners in previous reexaminations of the two patents, and the court handling Row 44's losing summary judgment arguments.[3]

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[3] Defendants will no doubt try to assign the blame for this situation to AMN for allegedly not disclosing the Tanenbaum page during the Second Reexaminations, on the theory that doing so may have averted the need for the Third Reexaminations. This assertion is belied by the following facts:

- None of the parties requesting the First or Second Reexaminations ever relied on the Tanenbaum page in this way, even though at least some of them were clearly aware of it. *See* Exs. 5, 6, 11, and 12;
- The Tanenbaum page teaches what was already taught and known to the examiners during the Second Reexamination, as explained above; and
- Even had the Tanenbaum page been cited during the Second Reexaminations, Defendants or other third parties would no doubt identify yet another reference with the same teaching and assert that it justifies yet another reexamination. For this reason, PTO regulations only require the citation of non-cumulative prior art. 37 C.F.R. 1.56(b) ("Under this section, information is

D. Present Litigation and Defendants' Prior Knowledge of the '074 Patent

Plaintiff filed the present actions against the moving Defendants in December 2014 and February 2015. In its thorough complaints that include infringement contention charts and supporting evidence, Plaintiff details its allegations against each of the Defendants.[4] *See* D.I. 1 to 1:14-cv-01495; 1:14-cv-01518; 1:15-cv-00142; 1:15-cv-0131. As described in the complaints, Plaintiff alleges that Defendants operate nationwide digital wireless telecommunications systems and provide wireless services, including wireless broadband services to subscribers in the manner taught by the '074 Patent.[5]

Plaintiff's filing of the present complaint against these Defendants was timely. Between the First and Second Reexaminations, Plaintiff sent out a series of letters to certain infringers of the '074 and '777 Patents in an effort to negotiate licenses without the need to litigate. Plaintiff's letters to Defendants Cello Partnership d/b/a Verizon Wireless, Sprint Nextel Corporation, and T-Mobile USA, Inc. were sent on November 6, 2012, and informed each Defendant of the teachings of the '074 and '777 Patents and advised the Defendants that a license to at least the '074 patent is required for Defendants' products and services that infringe the '074 Patent. *See* Exs. 29-31. Although Defendant Verizon Wireless responded to the letter on January 29, 2013, the other two Defendants ignored the letter. *See* Ex. 32.

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material to patentability when it is not cumulative to information already of record or being made of record in the application…").

[4] For good reasons that are confidential, AMN did not serve U.S. Cellular Corp. until June 4, 2015. 15-0131 at D.I. 7. U.S. Cellular has until July 20, 2015, to answer the complaint.

[5] In May 2015, AMN also filed four new actions involving the '074 Patent against various automobile manufacturers.[5] As discussed in the letter to the Court dated June 5, 2015, these matters allege infringement against automakers for their use and/or sale of in-vehicle devices that provide a wireless network within a vehicle. *See* C.A. Nos. 15-403, 15-405, 15-410, and 15-420 at D.I. 1.

Although at the time Plaintiff sent its letters to the Defendants, the ’074 Patent was not in reexamination, on November 29, 2012, just three weeks after Plaintiff put Defendants on notice, the Second Reexaminations were filed - undoubtedly by one of the Defendants themselves. The Second Reexaminations were not completed until April 2014, as explained above. Had Plaintiff brought the present actions prior to April 2014, Defendants would most likely have sought that they be stayed which reasonably deterred Plaintiff from bringing these actions prior to April 2014. In any event, with the Third Reexaminations requested later that year, only a few months after conclusion of the Second Reexaminations, Defendants would be asking for the present stay regardless of when Plaintiff initiated its suit against them.

III. DISCUSSION

A stay is far from automatic, and a court is under no obligation to delay its own proceedings by yielding to ongoing reexaminations, regardless of their relevancy to infringement claims that the court must analyze. *See Viskase Corp.* v. *Am. Nat’l Can Co.*, 261 F.3d 1316, 1328 (Fed. Cir. 2001). “While allowing the PTO to determine reexamination-specific issues of validity may potentially obviate a multi-issue patent litigation and conserve finite judicial resources, this district carefully considers whether there is even a fair possibility’ that the stay would work damage on another party in the reexamination context.” *Boston Sci. Corp. v. Cordis Corp.*, 777 F. Supp. 2d 783, 788 (D. Del. 2011) (internal quotes omitted). Accordingly, Defendants must “make a showing of ‘a clear case of hardship or inequity’ before the Court can enter a stay order. *Dentsply Intern., Inc. v. Kerr Mfg. Co.*, 734 F. Supp. 656, 658 (D. Del. 1990) (citing *Landis v. North American Co.*, 299 U.S. 248, 255 (1936)) (emphasis added).

Because litigation and reexamination “are concepts not in conflict,” the two actions may continue along parallel tracks. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (internal quotation omitted). Courts in this District and others consider several factors:

> (1) whether the granting of a stay would cause the non-moving party to suffer undue prejudice from any delay or allow the moving party to gain a clear tactical advantage over the non-moving party; (2) whether a stay will simplify the issues for trial; and (3) whether discovery is complete and a trial date set.

Boston Sci. Corp., 777 F. Supp. 2d at 788. On balance, these factors weigh against a stay.

If this were the first time the '074 Patent was being reexamined, with all the uncertainty inherent therein, and there were many years left of term in the patent, Plaintiff certainly recognizes that most courts would grant this request and stay this case. Plaintiff respectfully requests, however, that the Court give weight to the special circumstances here and exercise its discretion to deny the stay and allow the present action to proceed.

A. A Stay Would Be Highly Prejudicial to AMN

Defendants make much ado regarding potential financial hardship they may suffer if their motion to stay is denied. D.I. 21 at 9-13. This District has recognized, however, that litigation alone does not constitute hardship or inequity. *Imagevision.net, Inc. v. Internet Payment Exchange*, C.A. No. 12-054-GMS-MPT, 2013 U.S. Dist. LEXIS 25015 , at *13 (D. Del., Feb. 25, 2013) (denying motion to stay). Defendants instead attempt to shift the burden of proof for a showing of prejudice to Plaintiff. "[I]t is Defendant," however, "who bears the burden of showing that Plaintiff will not be prejudiced." *Mike's Train House, Inc. v. Broadway Limited Imports*, JKB-09-2657, 2011 U.S. Dist. LEXIS 22224, at *7 (D. Md. Mar. 3, 2011).

Recent statistics show that on average it takes the PTO 22 months to issue a final decision in an *ex parte* reexamination proceeding. *See* Ex. 26. This time period is lengthened to an average of 39 months when considering the appeal process to the Patent Trial Appeal Board. *See* Exhibit 33 at 11. *See also Elm, Inc. v. Venmill Industries, Inc.*, 2015 U.S. Dist. LEXIS 79324, at *2 (D.N.J. June 18, 2015) ("One cannot reasonably state that a three-year delay in litigation does not work a prejudice"); *Blazek SKLO Podebrady v. Burton Int'l.*, 08-2354, 2010 U.S. Dist.

LEXIS 144977, at *10 (D. Minn. June 11, 2010) ("Court does find that a delay of three years or more would prejudice [plaintiff] and that a stay would put it at a tactical disadvantage."). Unlike the expedited *Inter Partes Review* ("IPR") process, the length of time required to resolve an *ex parte* reexamination amounts to a delay tactic that AMN has been a victim of for over five and a half years. *See id.* at *3. This type of prejudice "is not wholly offset by a potential simplification of issues or a reduction in costs for the parties or the Court, and therefore a stay is unwarranted." *Cooper Techs. Co. v. Thomas & Betts Corp.*, 2:06-cv-242, 2008 U.S. Dist. LEXIS 124470, at *10 (E.D. Tex. July 23, 2008).

The staying of this case will have an immediate impact on AMN. AMN is a small organization which offers a variety of communication products and services, some of which embody the inventions described in the '074 Patent. AMN has maintained an average of 15–20 engineers engaged in research and development, and a 12,600 sq. ft. research and development facility in Ventura County, for over fifteen years. Ex. 1, Agostinelli Decl. at ¶6. It may be easy for Defendants, very large companies, to say that AMN can simply wait to be compensated for their infringement of its patents. However, that compensation would be put to immediate use to further AMN's R&D and product development efforts. Thus, the delay resulting from a stay would have an immediate and substantial adverse impact on AMN. *See also* Ex. 1 at ¶ 2.

The Third Reexaminations represent nothing more than the rehashing of issues already considered, as explained above, by the court, by other PTO examiners, and in previous litigation of the '074 Patent. These Reexaminations are closer to constituting harassment than a genuine study of the validity of the '074 Patent. When coupled with a request to stay, these activities represent a war of attrition waged by large companies, such as Defendants, against the incalculably smaller AMN.

Without this Court's intervention there will be nothing to stop these Defendants or others from filing even more reexamination requests based on equally flimsy legal theories ultimately determined to be meritless. The PTO's published 92% grant rate of such requests favors this strategy, however meritless the requests turn out to be. *See* Ex. 26. In addition, Defendants may also file a request for *inter partes* review, further rehashing the same prior art. The filing and granting of such requests would no doubt bring these and other defendants back to court seeking more stays, which prevent Plaintiff from adjudicating its case on the merits.

Thus, the undue prejudice AMN will suffer weighs heavily against a stay.

B. A Stay is Not Likely to Simplify the Issues

Contrary to Defendants' contention, the present reexamination will not simplify, much less address the key issues in this case. In similar circumstances, this District has denied motions to stay where "there are *many issues*…that the PTO simply cannot and will not address," and "thus they will have to be litigated in this Court." *Imagevision.net, Inc. v. Internet Payment Exchange,* C.A. No. 12-054-GMS-MPT, 2013 U.S. Dist. LEXIS 25015, at *13 (D. Del., Feb. 25, 2013) (denying motion to stay) (emphasis in original). These issues, which are also pertinent to this case, include (1) infringement and damages; (2) defenses under 35 U.S.C. §§ 101 and112; and (3) equitable defenses, such as laches and estoppel. *Id.* "Unlike *inter partes* reexaminations which are guaranteed to finally resolve at least some issues of validity because the requesting party is barred from seeking district court review on any grounds that it could have raised reexamination [sic], no such estoppel arises from *ex parte* reexaminations." *Interwoven, Inc. v. Vertical Computer Systems, Inc.*, 10-04345 RS, 2012 U.S. Dist. LEXIS 30946, at *10 (N.D. Cal. Mar. 8, 2012) (internal quotations omitted) (finding the low likelihood of all claims being cancelled in an *ex parte* reexamination weighing against a stay of concurrent litigation). *See also Fisher-Price, Inc. v. Kids II, Inc.*, 10-cv-00988A, 2011 U.S. Dist. LEXIS 146553, at *12-13

(W.D.N.Y. Dec. 21, 2011) ("*ex parte* reexaminations…do not bar the requester from relitigating the exact same issues in district court"); *Nidec Corporation v. LG Innotek Co., Ltd.*, 6:07-cv-108, 2009 WL 3673433, at *6 (E.D.Tex. 2009) ("the *ex parte* nature of the reexamination does not prevent Defendants from asserting the same issues of invalidity currently before the USPTO. Thus, simplification of the issues in this litigation will not necessarily result from reexamination."). Courts have noted before that "the most common outcome of PTO reexamination is that most or all of the examined claims are upheld or amended." *Mike's Train House, Inc. v. Broadway Limited Imports*, JKB-09-2657, 2011 U.S. Dist. LEXIS 22224, at *8 (M.D. Mar. 3, 2011). Therefore, courts have recognized that "when infringement, validity under *§ 112*, or other issues outside the purview of reexamination remain to be tried, then a stay is not favored." *Imagevision.net*, C.A. No. 12-054-GMS-MPT, at*13. *See also APP Pharmaceuticals, LLC v. Ameridose LLC*, 10-4109, 2011 U.S. Dist. LEXIS 23318, at *4 (N.J. Mar. 9, 2011).

The Third Reexaminations are not likely to simplify any issues for trial. The substantive issues presented in the reexamination requests, as well as in the two Office Actions already issued, were all previously addressed. Not only does this mean the Third Reexaminations are highly likely to be concluded with yet another allowance of all of the claims of the '074 Patent, it also means that any arguments or statements about these issues that Plaintiff is likely to make ***have already been made***.

One such substantive issue is the theory of obviousness of the claims over a combination of prior art references, themselves already considered during the Second Reexaminations, with the Tanenbaum page. This theory—represented with all the claim charts from the reexamination requests—was already addressed in the summary judgment motion in the *Row 44* case, which was denied by the court in that litigation. In response, Row 44 stated it had no plans to request a further stay to allow those reexaminations to proceed, and then quickly settled with Plaintiff by taking a license to the ’074 and ’777 Patents. More importantly, as explained above, this issue was also addressed by the examiner of the ’777 Patent reexamination, who explicitly rejected it.

Additionally, Plaintiff has already submitted its response to the Office Action in the ’074 Patent reexamination, presenting its position on these issues, including evidence of its prior date of invention, so any record that might be created during the Third Reexamination that might be useful for trial in this action is ***essentially already there***.

Additionally, the PTO’s conclusions are not relevant to the determination this Court must ultimately make regarding validity of the patent-in-suit. *See, e.g.*, *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1291-92 (Fed. Cir. 2011); *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992); *Asetek Danmark A/S v. CMI USA, Inc.*, 13-cv-00457, 2015 U.S. Dist. LEXIS 52989, at *25 (N.D. Cal., April 21, 2015) (finding that because of the difference in standard of proof, “the PTO’s conclusions are not relevant to the Court’s determination here”). Specifically, the standard of proof in an *ex parte* reexamination is the lesser standard of preponderance of the evidence and the examiner must give the prior art the broadest reasonable interpretation. MPEP § 706.1. *See also id.* In contrast, the Court here must apply the presumption of validity under 35 U.S.C. § 282 and use the higher standard of clear and convincing evidence. *Id.* Thus, any findings at the PTO have limited significance and are not dispositive of the issues of validity in litigation.

This District has previously recognized that “the strategy of responding to litigation by pursuing reexamination is simply another example of forum-shopping, perfectly legitimate but, nonetheless, a way to postpone a patent holder's day in court.” *Cellectis S.A. v. Precision Biosciences*, 883 F. Supp. 2d 526, 533 (D. Del. 2012). Although the Defendants here did not file the reexamination at issue, they are nonetheless taking advantage of the PTO proceeding to postpone Plaintiff's day in court. Such tactics should not be rewarded.

Moreover, Defendants' assertion that the PTO's initial rejection of all of the claims is indicative of the *ex parte* reexamination's outcome is inapposite. In fact, all claims of the '074 and '777 Patents have been initially rejected in most of their prior reexaminations, which have invariably concluded with all claims being allowed. As courts have found, "[i]t is not uncommon for claims to be initially rejected in the re-examination process…[a]t the final action, all claims of a patent have been cancelled in only 11% of *ex parte* reexaminations; it is more than twice as likely that all claims will be confirmed." *Cooper Techs. Co. v. Thomas & Betts Corp.*, 2:06-cv-242, 2008 U.S. Dist. LEXIS 124470, at *11 (E.D. Tex. July 23, 2008) ("While a stay would presumably result in cost savings to [defendant], the fact that a stay would not in a practical sense simplify the issues in this case weighs against granting a stay.").

Given that this Court will be faced with the same invalidity issues in addition to the issues of infringement, damages, and other defenses, and in light of the fact that the '074 Patent has successfully gone through two prior reexaminations, the current *ex parte* proceeding will not simplify the issues. This factor, thus, weighs against granting Defendants' Motion.

C. The Early Stage of the Case Weighs in Favor of Allowing it to Proceed

Defendants accurately point out that the present action is in its early stages, with little to no discovery having been done, no initial disclosures exchanged, and no schedule set. This has often been used as the basis for staying actions. However, it can also serve as the basis not to stay this case. These activities would presumably occur over the next few months if the case were allowed to proceed. They are early-stage litigation activities and do not represent a significant investment in time or legal resources by the parties, particularly because some of the Defendants' counsel have already litigated the '074 Patent. Allowing such activities to proceed would keep the case on track for a reasonably early disposition, whereas staying the case provides minimal savings to Defendants over that time and yet materially prejudices AMN.

At the same time, the Third Reexaminations have progressed significantly and may be resolved within the next few months. Office Actions have issued in both cases, as explained above. A response was filed for the ’074 Patent on June 15, 2015, and a response is due for the ’777 Patent no later than July 22, 2015. Over the next few months, then, while the litigation proceeds (if not stayed) through its preliminary stages, the Third Reexaminations should proceed either to an allowance of the claims or another round of Office Actions and response—either way providing substantial clarity to the impact they will have on the present action.

The stage of the proceedings, thus, also weighs against a stay.

D. Any Delay Was Excused by the Multiple Parallel Litigations Already In Place

Defendants imply that Plaintiff should have filed suit as early as 2009 when they first began infringing the ’074 Patent. *See* D.I. at 2009. Their assertion is tantamount to saying that Plaintiff was obligated to sue everybody at once or, at least, to maintain multiple parallel lawsuits throughout this entire period. The law simply does not impose any such obligation.

Defendants do not cite any authority showing that delay in filing suit is even relevant to the analysis for a stay, but the law concerning laches seems particularly analogous here. It is well established that a delay in bringing suit may be “excused by a host of factors, including involvement in other litigation.” *Hemstreet v. Computer Entry Sys. Corp.*, 972 F.2d 1290, 1293 (Fed. Cir. 1992); *TGIP, Inc. v. AT&T Corp.*, 527 F. Supp. 2d 561, 583 (E.D. Tex. 2007); *see also Izumi Prods. Co. v. Koninklijke Philips Elecs. N.V.*, 315 F. Supp. 2d 589, 612-13 (D. Del. 2004) (engagement in other litigation raises genuine issues about whether a plaintiff's delay in filing suit was unreasonable). “Patentees are not required to pursue simultaneously every party suspected of infringing” to avoid laches. *Studiengesellschaft Kohle, MBH v. Dart Indus.*, 549 F.

Supp. 716, 757 (D. Del. 1982); *cf. Polymer Techs., Inc. v. Bridwell,* 103 F.3d 970, 975 (Fed. Cir. 1996).

Plaintiff proceeded with its enforcement of its patents in a methodical manner. All of the moving Defendants were placed on notice in late 2012 that they infringed the '074 Patent. *See* Ex. 29-31. The Second Reexaminations were filed on November 29, 2012, just three weeks after the moving Defendants were placed on notice, which were not concluded until April of 2014. For this reason alone, it was reasonable for Plaintiff to wait until after these reexaminations concluded to file these actions.

Plaintiff is now proceeding against these telecom Defendants as well as automobile manufacturers. Far from sleeping on its rights, Plaintiff has proceeded systematically in a manner found reasonable on many occasions by courts.

E. Alternatively, if the Court Grants Defendants' Motion, It Should be Conditioned Upon a Meaningful Estoppel Agreement

Alternatively, should the Court be inclined to grant Defendants' motion, the stay should be conditioned upon a meaningful stipulation that will preclude the Defendants from challenging validity based on prior art considered during reexamination. Defendants' proposed stipulation is not only convoluted, but it is also limited to the same exact combination used in the *ex parte* reexamination. *See* D.I. 21 at 9. The proposed stipulation, thus, does not achieve any efficiency and should be rejected. *See, e.g., Cooper Techs. Co. v. Thomas & Betts Corp.*, 2:06-cv-242, 2008 U.S. Dist. LEXIS 124470, at *8 (E.D. Tex. July 23, 2008) (denying motion to stay where stipulation was narrower than *inter partes* estoppel). As this District has recognized, less than meaningful stipulations reduce the potential for simplification of issues and do not favor a stay. *SoftView LLC v. Apple Inc.*, 2012 U.S. Dist. LEXIS 104677, *10-11 (D. Del. July 26, 2012).[6]

[6] "Defendants have indicated to the Court that they are willing to be bound only by the PTO's

Certainly, the Defendants are not required to agree to a meaningful stipulation, nor are they entitled to a stay as a matter of right. Any order granting defendants' request should be conditioned on a meaningful estoppel agreement. Otherwise, as was the case in *SoftView*, the potential simplification of the issues given Defendants' limited estoppel agreement does not favor a stay.

IV. CONCLUSION

As shown above, a stay in this case will result in more than "a fair possibility" of causing damage to AMN. *See Boston Sci. Corp.*, 777 F. Supp. 2d at 788. Defendants have not "ma[d]e a showing of 'a clear case of hardship or inequity'" that justifies a stay. *See Dentsply Intern.*, 734. Supp. at 658. Therefore, the Court should deny Defendants motion allowing the case to proceed.

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final determinations with respect to the validity of the patents-in-suit based on the particular prior art references, and combinations thereof, specifically asserted by Apple during the reexamination proceedings. SoftView notes that, under Defendants' proposal (whereby the Court would grant a stay), the Android Defendants would remain free to assert additional prior art references at trial, and/or different combinations of the same prior art references now being asserted by Apple in the reexamination proceedings. Defendants also refuse "to be bound by any PTO determination that a given reference does not qualify as prior art" and would "not be bound by these agreements if Apple and SoftView settle their dispute prior to the final disposition of the *inter partes* reexaminations." (D.I. 367 at 1). Defendants are within their rights to adhere to these positions, but they reduce the potential for simplification available from a stay under the circumstances presented here. On the whole, the potential simplification of the issues does not favor a stay." *SoftView LLC v. Apple Inc.*, 2012 U.S. Dist. LEXIS 104677, *10-11 (D. Del. July 26, 2012).

Respectfully submitted,

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Dated: July 20, 2015

CERTIFICATE OF SERVICE

I, Gregory B. Williams, hereby certify that on this date copies of Plaintiff's Response to Defendants' Motion to Stay Pending Ex Parte Reexamination Proceedings was served via CM/ECF system on all counsel of record.

/s/ Gregory B. Williams
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